

THE IMPLICATIONS OF CHINA DEVELOPING A WORLD-CLASS MILITARY:

FIRST AND FOREMOST A REGIONAL CHALLENGE

Testimony by

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Chairmen Lewis and McDevitt, Distinguished Members of the Commission, it is an honor to testify to the Commission. Thank you for the invitation to discuss the implications of China developing a world-class military.

It is increasingly well and widely understood that China presents a global challenge. China's economic influence and activity as well as its political activities are more and more being felt and their implications understood across the globe, from Europe and Africa to South America and Oceania. Indeed, as the Department of Defense reports, China's long-term goal is "global preeminence."¹ China is thus, indisputably, a global challenge.

But it is first and foremost a regional one, and this is of crucial importance, especially but not exclusively for the Department of Defense. This is for a simple reason: China must first dominate its own, critical, Indo-Pacific region before it can hope to attain global preeminence. If it can gain hegemony over the Indo-Pacific, it will have a commanding position from which to become the globe's primate power; if it cannot dominate its own region, however, such mastery will be beyond its grasp.

There is much discussion in some quarters today that all defense challenges are global in nature. But this misconstrues the problem. The primary immediate geopolitical challenge China poses is its ability to establish hegemony over the Indo-Pacific region or some substantial fraction of it. With regional hegemony, China will be secure in its own territory, dominate the regional economy, and be able to project power outward from there. Nor is this merely theoretical speculation; as the Department of Defense has frankly recognized, Beijing is quite clearly intent on achieving this aim and has already laid much of the groundwork for making it a reality.²

The reason why this is significant is that the Indo-Pacific is by far the world's most economically important region, a reality that will only become more the case over time as it continues to grow at a differential rate from the rest of the world.³ Economic productivity and scale lie at the root of all other forms of state power in the contemporary world, including military power. Accordingly, if China is able to establish suzerainty over the Indo-Pacific, it will have commanding power over the world's most important region.

China's goal, to be clear, is almost certainly not to conquer the rest of Asia. But it does not need to do this to have the region do what it wants. China clearly understands that, in the modern world, economic success comes from intensive rather than extensive growth. As a consequence, China has spent the last forty years growing its economy at a bewildering rate. China is also an enormous country that has little need for more land.

Rather, what China increasingly evidently appears to want is to ensure that the international environment in which it operates suits its preferences – that is, at a minimum makes it richer and more secure but also supports and perpetuates the Chinese political system and accords deference and homage to China. China does not need to become an empire to do these things;

¹ Department of Defense, *Indo-Pacific Strategy: Preparedness, Partnership, and Promoting a Networked Region*. June 1, 2019, 8.

² Department of Defense, *Indo-Pacific Strategy*, 8.

³ Department of Defense, *Indo-Pacific Strategy*, 2.

instead, it can pursue a “hegemonial” rather than direct imperial form of control. There are a number of definitions of hegemony (or its cognate “suzerainty”), but basically it is a situation in which a state is dominant over but does not directly control other states. In this model, states under the hegemon’s shadow must ensure that their important decisions, especially those relating to military, large economic, and key international political matters, meet the approval of the hegemon. This can be done directly, by routing decisions through the hegemon, or indirectly and implicitly, by accommodation and deference that is tantamount to the same thing.

This kind of hegemonial rather than imperial mastery would allow China, at a minimum, to decisively shape the economic and trading system of the world’s most important regional market. China would no doubt continue its past practice and set up a regional trading system that favors the Chinese market and disfavors others – not least the United States. Over time, this would corrode Americans’ prosperity. More significantly, it would allow China more and more influence, including within the United States itself. Chinese preferences for how the world should trade and interact would become ascendant, and China would have the leverage to insist that its preferences be served. With the upper hand, Beijing’s policies on data privacy, surveillance, free speech, legal processes, and every other facet of life that is substantially influenced by the international environment – which is increasingly almost everything – would increasingly prevail. It is hardly necessary to emphasize that this is a very different world from what Americans – or most Asians or Europeans – would want.

Even worse, China might use this newfound power to begin to project direct political influence outward. If Russia’s interference in our elections has justifiably worried us, imagine what a far, far more powerful China would be able to do. And this future leaves out the possibility of China using its hegemony to project serious military power into our environs. Accordingly, the United States and many other states have the greatest possible interest in denying China hegemony over the Indo-Pacific.

China’s development of a world-class military is a crucial part of any bid by Beijing to establish such hegemony. It is often said that China primarily poses an economic and political challenge, not a military one, because China has little interest in sparking a war with the United States or others. This is partially true but misleading. It is true in the sense that China’s most attractive course of action is to grow as strong as possible through its own intensive development and ultimately become so strong that it can overwhelm its region without having to resort to force. Better to simply grow to dominate rather than have to fight wars to acquire such wealth and power.

The problem with such a growth-only strategy, however, is that it is vulnerable to the natural response of states that do not want to see China establish such hegemony – which is to check and balance such an effort. In particular, states in the region and those out of it that are invested in its fate have the most powerful incentive to coalesce together to check China's bid for regional suzerainty. This is the most basic kind of response in the international arena (and in the domestic sphere as well – checks and balances are, after all, the basis of our political system). In the Indo-Pacific, states such as the United States, Japan, India, Australia, and others can come together to form a coalition to deny Beijing the ability to achieve the suzerainty over the region that it seeks.

To become the regional hegemon, then, China has to prevent such a coalition from forming or undermine its effectiveness or dissolve if it has formed. This is China's primary strategic quandary. A state with the power and reach of China has an enormous quantum of power and a myriad of implements through which it can attempt to achieve these goals. Today, we see in so many respects China's effort to undermine or deny the formation of any such coalition through political pressure, economic leverage, cultural allure, and many other aspects of state activity.

China's military plays an absolutely central role in any such strategy, however. This is fundamentally because many states have a very great and deep interest in checking China's bid for hegemony and thus in an effective balancing coalition. To emphasize, this interest is very strong; any state that wants to prevent Chinese hegemony and the dominance of Chinese interest that would indubitably follow has a most powerful incentive to promote the efficacy of such a coalition. This means there must be an equivalently real disincentive to outweigh this great attraction if China is to succeed in aborting or counteracting such a coalition. States that might participate in such a coalition, in other words, must see costs and risks that outweigh the manifest benefits of joining or aiding such a coalition.

The military instrument is crucial for providing such a disincentive. While cost can be imposed through a wide variety of mechanisms, there is nothing quite like the threat of physical violence for coercive leverage. Economic sanctions are perhaps the closest, but even these are a far cry from force in their coercive efficacy, as the decidedly mixed record of U.S. attempts at compelling states through economic sanctions shows. And China would be demanding far more than the United States has often demanded through economic sanctions – in reality acknowledgment of its hegemony over the state in question.

China does not need just any kind of a military to do this, however. Rather, China needs its military instrument to do certain things if it is to succeed in this way as part of a broader strategy. Because China remains weaker than the United States at this stage – and certainly weaker than the United States alongside Japan, India, and others – and because its future appears rosier if current growth projections continue, China has an incentive to wait and continue to build its strength, gaining on those arrayed against it and, it hopes, eventually overtaking them. Thus China does not want to precipitate a war with a fully-mobilized coalition.

Instead, what it wants to do is short-circuit or dissolve the coalition by sufficiently intimidating states that might consider joining or staying in it. It can best do this by isolating such states and subjecting them to such force or pressure that they elect not to follow through on the positive interest they have in aiding the coalition. In other words, China is best positioned if it can credibly demonstrate that it can fight and win a *limited and focused war* that, in concert with its economic and other forms of leverage, isolates and penalizes a member (or potential member) of such a balancing coalition. If this strategy is effective, it would show in the clearest possible terms that such a coalition is a hollow force, and the enormous downsides to bucking Beijing's will. This could change the calculus of states so that, even though they have a strong positive interest in the success of a balancing coalition, the individualized costs and risks to them of joining or aiding it are simply too great to countenance.

Done well, this could cause any such coalition to be stillborn because states will be too afraid that they will be sliced off and subjected to such treatment. This in turn, coupled with China's manifold and deep sources of additional leverage, could allow China to divide the region and establish hegemony over it. This is the major risk of China developing a world-class military. Thus the foremost danger we face is that China has a *world-class* military that it can put to regional uses, not a global one. The only way for China to dominate globally is for it first to dominate the world's most important region.

How the Department of Defense Should Respond

This strategic reality sets a clear focus for how the United States, its allies, and any states that want to resist Chinese domination of the Indo-Pacific should respond. Our response must be oriented on defeating China's strategy, which is designed to achieve regional suzerainty as a stage on the way to global preeminence. It must also be sensible and credible, meaning that the American people and our allies would follow through on it, both now and over the long-term.

Fortunately, the United States – and increasingly its allies and partners – have an approach suited to dealing with China's focused and limited war strategy in just this way. That is the approach laid out by the 2018 National Defense Strategy.⁴ Briefly, this approach is designed specifically to undermine and, if necessary, defeat China's ability to leverage its world-class military to dominate Asia. This is because it is a strategy that is designed to sustain and help protect U.S. allies and Taiwan in a way that is credible and correlates the degree of risk and sacrifice with the interests at stake. The Strategy is specifically oriented on defeating any Chinese theory of victory against these states – and thus to enabling them to exercise their free choice to resist Chinese dominance of the Indo-Pacific. The Strategy is further developed in the Department's excellent recent Indo-Pacific Strategy for a free and open region.⁵

The most pointed form of such a Chinese theory of victory, as the Department has rightly made clear, is the *fait accompli*.⁶ The NDS is focused on denying the *fait accompli* by blunting and ideally denying any Chinese aggression against a U.S. ally or Taiwan at the beginning of hostilities, and then on forcing China to bear unfavorably the burden of escalation should it choose to pursue such a war further.

⁴ For an outline of the National Defense Strategy and its implications, see Elbridge Colby, Testimony Before the Senate Armed Services Committee, January 29, 2019, available at https://www.armed-services.senate.gov/download/colby_01-29-19, and Elbridge Colby, "How to Win America's Next War," *Foreign Policy*, Spring 2019 issue, available at <https://foreignpolicy.com/2019/05/05/how-to-win-americas-next-war-china-russia-military-infrastructure/#>. For an outline of the military challenge the NDS focuses on, see Christopher M. Dougherty, *Why America Needs a New Way of War*, Washington, D.C.: Center for a New American Security, 2019, available at www.cnas.org. For an outline of the implications of the NDS for the size and shape of the Joint Force, see Jim Mitre, "A Eulogy for the Two War Construct," *The Washington Quarterly*, Winter 2019 issue, 7-30, available at https://twq.elliott.gwu.edu/sites/g/files/zaxdzs2121/f/downloads/Winter%202019_Mitre.pdf.

⁵ Department of Defense, *Indo-Pacific Strategy*, 1.

⁶ Department of Defense, *Indo-Pacific Strategy*, 17-18, and Acting Secretary of Defense Patrick Shanahan, Testimony before the House Armed Services Committee, March 26, 2019, 3, available at <https://armedservices.house.gov/cache/files/5/f/5fe93125-5cbc-4f1f-b630-9aba61a01a69/C4273A8E7D721F62BAA72B57D811880D.2019-03-26---shanahan-hasc-written-testimony---final.pdf>. See also his testimony before the House Appropriations Committee – Defense, May 1, 2019, 3, *inter alia*.

The Indo-Pacific Strategy Report frames this threat very well and how the Department is seeking to deal with it, in line with the NDS: “The National Defense Strategy implicitly acknowledges the most stressing potential scenarios will occur along our competitors’ peripheries. If our competitors decide to advance their interests through force, they are likely to enjoy a local military advantage at the onset of conflict. In a fait accompli scenario, competitors would seek to employ their capabilities quickly to achieve limited objectives and forestall a response from the United States, and its allies and partners. DoD initiatives on force employment, crisis response, force and concept development, and collaboration with allies and partners are aimed to help address this critical challenge. The National Defense Strategy directs the Department to posture ready, combat-credible forces forward – alongside allies and partners – and, if necessary, to fight and win. This approach intentionally presents competitors with a dilemma by ensuring they cannot quickly, cheaply, or easily advance their aims through military force. Competitors are compelled to advance their interests through other, more benign means – which are often subject to internationally recognized rules or widely accepted state practices.”⁷

Effectively resourcing and implementing this Strategy is crucial to meeting the challenge posed by a rising China – and its world-class military. It is also vital that our allies and partners align to this Strategy. Fortunately, key U.S. allies and partners in the Indo-Pacific region such as Japan and Australia see this and are beginning to do so by aligning their own defense postures and broader national efforts toward this shared goal. Japan’s recently revised National Defense Planning Guidelines deserve special plaudits in this regard.

Importantly, this approach is radically different from one relying on horizontal escalation to defeat China’s limited and focused strategy. This is key because relying on horizontal escalation to deter and if necessary defeat China appears to be in vogue among some circles in the defense establishment today. Horizontal escalation in this context is a strategy that would seek to impose costs and risks on China beyond the immediate conflict zone sufficient to compel it to relent on the issue at hand. Crucially, horizontal escalation as a primary strategy would rely on cost infliction; it is therefore distinct from asymmetric or other forms of operational maneuver that, for instance, seek to turn a flank or suppress an adversary’s ability to execute operations in the primary theater. Inchon, for instance, was not horizontal escalation; it was an asymmetric means of defeating Communist forces in Korea.

In the context of China and the Indo-Pacific, *horizontal escalation can play a supporting role, but it cannot be our primary effort. Indeed, relying on horizontal escalation as the basis of our strategy is probably the worst possible approach to pursue in response to China’s.*⁸ Horizontal escalation strategies would not work in this context for a number of reasons:

- It is very likely that China would be willing to trade its interests far afield – for instance throughout the Indian Ocean area or in Europe or the Western Hemisphere – for success in a near contingency like Taiwan or, if Taiwan were to fall, the Philippines. China simply and rationally cares much more about the great prizes near to it, in the world’s

⁷ Department of Defense, *Indo-Pacific Strategy*, 17-18.

⁸ David Ochmanek and I develop some of these arguments further in a forthcoming article.

most important region, rather than peripheral interests far afield that the United States might be able to hold at risk.

- China is very likely to adapt to a strategy focused on horizontal escalation militarily in ways that will diminish its efficacy for the United States. If China sees that the United States is developing a force and strategy focused on horizontal escalation, China could focus its efforts on prevailing in limited and focused wars in its near abroad in the Indo-Pacific. This would almost certainly increase Chinese leaders' confidence in their ability to win quickly and cheaply at a low risk, in turn undermining deterrence and precipitating the grand coercion of our allies or armed conflict we seek to prevent. Since the United States would have taken its eye off the ball in the key region, China would then very likely prevail. Once China consolidated its regional gains, the global balance of power would tilt against the United States. China could then focus its even greater military resources toward contesting U.S. global military advantages. A primarily global response to China's limited and focused strategy, in other words, is precisely like to undermine our global advantages; a regional strategy is much more likely to retain them. In simple terms, a globally rather than regionally-oriented strategy will open the United States and its allies up to a salami-slicing approach.
- China is also very likely to adapt to a U.S. strategy focused on horizontal escalation in ways that diminish Beijing's own vulnerabilities to it. If China knows the United States will pursue such a strategy, for instance by relying primarily on a distant blockade, it will adapt its economy, consumption patterns, trading relationships, and logistics networks to diminish the effect of such a strategy. Indeed, the Belt and Road Initiative and China's overseas investments more broadly may in part be about doing just this. The price China will pay to ensure its ability to resist such a strategy will be high, and there are plenty of countries along its periphery and beyond that would gladly sell critical goods that the United States would need to prevent China from accessing for such a price. Just to take one example, growing alignment between China and Russia suggests Moscow would be willing to provide such support to Beijing during a conflict.
- A too great reliance on horizontal escalation undermines the U.S. position on the actual center of gravity in resisting China's strategy, which is the other states in the region, especially U.S. allies and potential allies. Horizontal escalation is a strategy that, notionally, operates by imposing costs on China beyond its environs. Yet U.S. allies and partners in the region, which are absolutely essential to effectively balancing China, are precisely within those environs. Since under such an approach the United States would give up the meaningful ability to help its allies resist such focused attacks directly, horizontal escalation asks them to bear up under at a minimum bombardment and blockade and quite possibly invasion in hopes that U.S. pain infliction will work in the long term. In addition to leaving them directly vulnerable to direct Chinese attack, it would ask them to partake in a contest of endurance against China, a contest in which they are likely to suffer a great deal, given their degree of economic interdependence with China. Just laying this strategy out makes clear how unpalatable it would be to U.S. allies

and partners since it would ask them to hope for relief in the face of Chinese regional military dominance and to endure a harsh economic war – all without any realistic prospect for how such deliverance would work. The United States adopting such an approach, which allies would be able to detect in U.S. force development and posture, is almost perfectly designed to impel allied defection toward accommodation of China.

- Finally, horizontal escalation is basically a strategic approach that seeks to impose costs sufficient to induce the opponent to relent on the issue in question. Yet China has abundant ways of imposing costs on the United States as well, not to mention U.S. allies and partners. If the United States *were the one to start* a broad cost-imposition campaign against China in response to a focused Chinese attack on, for instance, Taiwan or the Philippines, China would very likely seem reasonable and proportionate in responding in kind. This would basically turn a contest over a distant archipelago into a society-wide struggle for Americans and their allies – but it would almost certainly seem that the United States, not China, was the one that precipitated such a broader war. Basically, such a strategy would volunteer the American people and the populations of U.S. allies for a contest of pain tolerance with the Chinese people over something right next to China and far distant from the United States. This is about the worst possible arrangement for the United States. And, given that it is not necessary since the United States could pursue a denial strategy through the National Defense Strategy approach, it would be totally unreasonable to weigh such a burden upon the American people. The American people spend well over \$700 billion per year precisely to avoid having this be their first-order response to distant contingencies; it is the obligation of the defense establishment to be more solicitous of their interests and willingness to risk and sacrifice.

It is for these kinds of reasons that there are few, if any, historical examples of strategies reliant on horizontal escalation succeeding. Instead, the record is largely one of sad failure.

The Congress and Executive Branch should therefore implement and resource the National Defense Strategy and avoid the siren call of alternative approaches such as relying on horizontal escalation. Above all, the Congress should:

- Ensure the Department of Defense is fully and rigorously implementing the National Defense Strategy. Congress should prioritize the NDS and press the Department to show concrete progress in its realization.

In specific furtherance of this, the Congress could productively focus in on:

- Making it clear that it expects the Department of Defense to pace to the Taiwan scenario in the Indo-Pacific. The best way Congress can do so is by consistently demanding progress from the Department on how the Joint Force would perform in a Taiwan contingency.
- Making clear to the Department of Defense that it expects the Joint Force to use horizontal escalation only as a secondary method for dealing with Indo-Pacific contingencies against China, not a primary one.

- Ensuring that documents subordinate to the National Defense Strategy, such as the National Military Strategy, clearly and closely follow the NDS logic and materially contribute to its realization. Where there is divergence, insist that the Department rectify any misalignment.